

**BB&T**



**Making the American  
Economy Great Again**

*Presented by*

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**Charleston, SC**

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3. Capital Markets – the free flow of capital

“Though the preachers of pessimism prattle endlessly about America’s problems, I’ve never seen one who wishes to emigrate.”

- *Warren Buffett*

# What made the US economy exceptional

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- The Atlantic & Pacific Oceans – no foreign invasion since 1812

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- Government Stability – the same system since 1789



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- Education Opportunities – Public / Private / Trade / Professional

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- Work Ethic – highest hours worked in G-7 (45% > France)

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- Energy – the shale play is a game changer

**“A people... who are possessed of the spirit of commerce, who see and who will pursue their advantages may achieve almost anything.”**

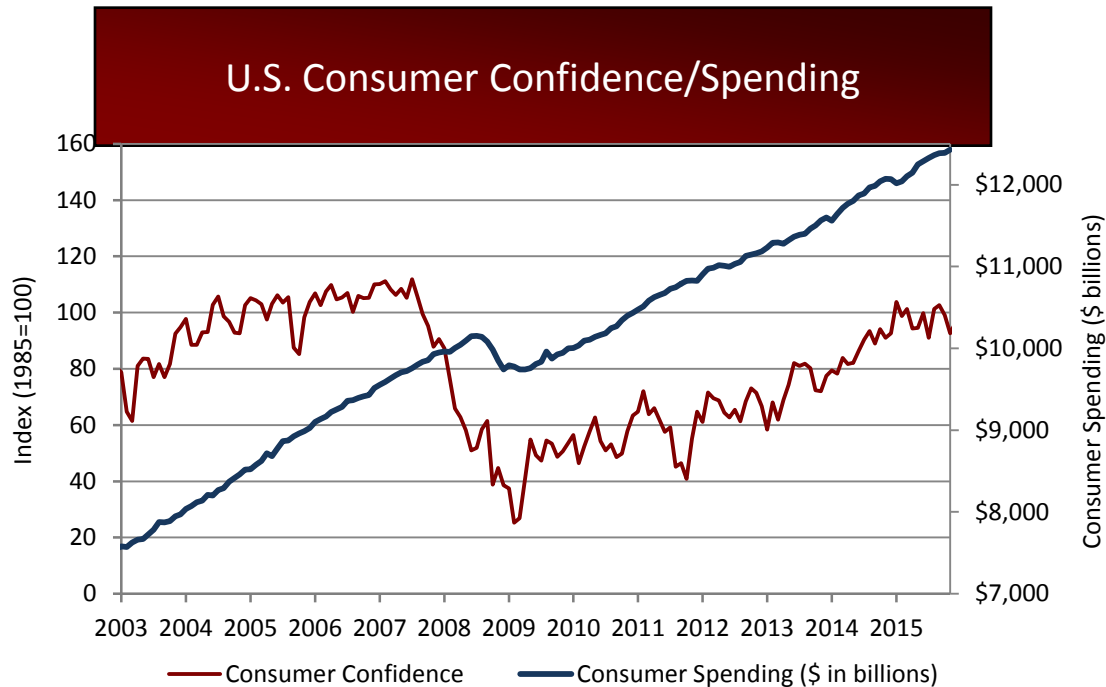
*- George Washington*

# US Economy Fundamental

70% of U.S. GDP is driven by consumption. If we want the U.S. economy to get better we need to focus on three things:

- Job Growth (150 million workers)
- Wage Growth (>3.9% in 2016)
- Consumer Confidence (highest since 2001)

U.S. GDP per capita has increased more than the GDP per capita of any major developed or emerging market country\*



Bureau of Economic Analysis / \*Goldman Sachs 2017 Outlook

# Growth Agenda



# Growth Agenda

- Global Trade
- Tax Policy
- Infrastructure Spending
- Regulation
- Government Programs
- Fiscal Balance

# Growth Agenda

- Global Trade
  - Under NAFTA, North America accounts for 28% of global GDP (with only 7% of global population) / the United States has a large and growing trade surplus in agriculture and manufactured goods, as well as in services.\*

\*Global Affairs Canada: December 12, 2016 / Office of the US Trade Representative

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  - The Trans-Pacific Partnership (TPP) needs to represent free and fair trade – access to U.S. markets
  - “For the only way in which a durable peace can be created is by world-wide restoration of economic activity and international trade” **James Forrestal**

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- Tax Policy
  - The top one-tenth of individual taxpayers pay 20+% of federal income taxes / the top 1% pay 43.6%\*

\*MarketWatch / Tax Policy Center

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  - The top one-tenth of individual taxpayers pay 20+% of federal income taxes / the top 1% pay 43.6%
  - The U.S. has the highest marginal corporate tax rate (39.2% versus global average of 25%) and taxation on overseas profits (35%) / a 20<sup>th</sup> century tax code in a 21<sup>st</sup> century world?\*

\*Investopedia / Wikipedia

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  - An ideal tax system distorts economic decision making as little as possible, while still funding the government

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\*ASCE estimate / A Blueprint to Rebuild America's Infrastructure

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  - Carbon Tax?

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  - 2016 Federal Regulatory Cost Estimate was \$1.885 trillion (11% of GDP)\*

\*Competitive Enterprise Institute (May 3, 2016)

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  - Healthcare
    - \$9,451 per capita (#1) / longevity rank 25<sup>th</sup> and 27<sup>th</sup>\*
    - Medicare / Medicaid / Affordable Care Act

\*Wall Street Journal / Wikipedia

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  - Housing – FHA / Fannie Mae / Freddie Mac
  - Student Lending - \$1.35+ trillion in student debt / 11.8% default rate (5+ million borrowers)\* / University of Virginia tuition and fees increased from \$6,282 to \$13,515 in a decade (+115%) – inflation up 19%\*\*

\*LENDEDU.com / Federal Reserve \*\*Richmond Times-Dispatch (February 6, 2017)



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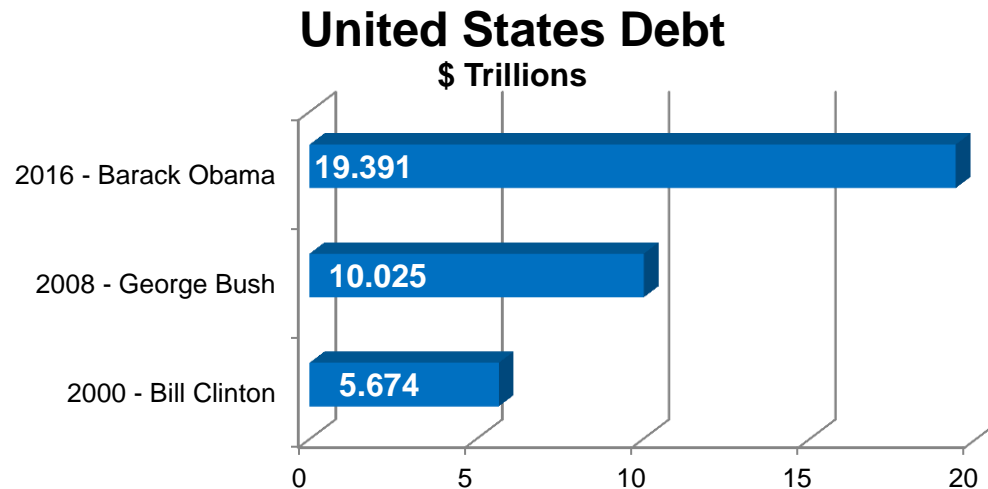
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  - The number one benefit of historically low interest rates is the debt service on the national debt as a percentage of GDP is historically low

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**“I’m not going to buy my kids an encyclopedia. Let them walk to school like I did.”**

*- Yogi Berra*

## Turning “political speak” into “Yogi-isms”

1. “If a \$15 minimum wage is a good idea, a \$30 minimum wage has to be a great idea”
2. “Merging with a foreign-based partner and transferring headquarters location to reduce taxes is simply unpatriotic”
3. “Let’s bring back the Smoot Hawley tariffs and end free trade – that worked great last time”
4. “We need to lock down the borders and end immigration, that is what made the United States great”
5. “There are no problems associated with keeping interest rates at zero for a long period of time. Free money has never led to a bubble”

**“In any moment of decision, the best thing you can do is the right thing...The worst thing you can do is nothing.”**

*- Theodore Roosevelt*



Success starts here.

